

Remarks

Claims 1-14 and 16-20 are presently pending in this application. Claims 1, 16, 19, and 20 are independent. In the Office Action of November 2, 2005, (“Office Action”), Examiner rejected Claims 1-14 and 16-20. Applicant traverses the rejections and respectfully requests reconsideration.

Rejection under 35 U.S.C. § 103

Examiner rejected Claims 1-14 and 16-20 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Application No. 2001/0042040 to Keith (hereinafter “Keith”) in view of U.S. Patent Application No. 2003/0033240 to Balson et al. (hereinafter “Balson”).

According to M.P.E.P. § 2143, to establish the required prima facie case of obviousness of claimed invention, the prior art reference (or references when combined) must teach all the claim limitations. Also, the relevant test under 35 U.S.C. 103(a) is whether the claimed invention “as a whole” is taught by the prior art. For at least the reasons stated below, a prima facie case of obviousness has not been established.

Claim 1

Independent Claim 1 is directed to a method comprising: “initiating a first order associated with a spread at a desired spread price in a synthetic spread market, wherein the synthetic spread market is associated with a first real market and a second real market (...) offered by at least one electronic exchange,” and “in response to initiating the first order, automatically sending a second order to an exchange-provided spread market, wherein the synthetic spread market and the exchange-provided spread market offer interchangeable tradeable objects.”

Applicant's specification defines a "synthetic market" on page 9, line 11: "As used herein, a synthetic market is an electronic market created out of real markets by a computer terminal or gateway, for instance, rather than at an electronic exchange."

In contrast, Applicant's specification defines "a real market" on page 9, line 13: "Whereas, a real market is an electronic market that is offered by an electronic exchange." An "exchange-provided spread" market is a real market. In describing "exchange-provided spread" markets on page 13, lines 9-20 of Applicant's specification, Applicant states: "By trading in any one of these types of real market spreads [referring to exchange-provided spreads], the trader is guaranteed that he will not be 'legged up.'" Exchange-provided spreads are also described in the background section of Applicant's application.

Real markets and synthetic markets can be "interchangeable." (Page 8, lines 9-11). This interchangeability is described throughout Applicant's specification. For example, referring to step 400 on page 14, a market comparator "200" can locate one or more "interchangeable markets" – it may do this by "exhaustively search electronic exchanges" to find interchangeable real market spreads. In another example, a trader may input "guidelines" to be used in determine "interchangeable" markets. (Page 14, line 17 – Page 15, line 5).

The first step of Applicant's Claim 1 recites "initiating a first order associated with a spread at a desired spread price in a synthetic spread market." Applicant's Figure 4 illustrates an example of this limitation in greater detail. More specifically, when "a first order associated with a spread" is initiated in a synthetic market, computer software, e.g., an autospreader in Applicant's specification, intercepts "a first order" and processes

the order by determining one or more orders in the underlying legs of the spread that would achieve the desired spread price of the first order. (See, e.g., Applicant's specification, page 16, lines 15-21).

The second step of Claim 1 recites "in response to initiating the first order, automatically sending a second order to an exchange-provided spread market, wherein the synthetic spread market and the exchange-provided spread market offer interchangeable tradeable objects." Because the two differently created markets are interchangeable, one advantage of the claimed invention is that a trader may benefit more easily of unique market opportunities that might exist in the real and synthetic markets, as compared to just looking to one market or another market independently. (See, e.g., *Id.*, page 9, lines 14-16).

Referring back to the rejection of Claim 1, in the Office Action, Examiner states that Keith does not specifically disclose each of the limitations of Applicant's Claim 1. Examiner only states that Keith discloses "multiple markets in an electronic trading system connected over a network to at least one electronic exchange." (Office Action, page 2).

Examiner then asserts that Balson discloses the limitations of Applicant's Claim 1 in Figure 14 (first limitation) and Figure 2 (second limitation) of Balson. Applicant respectfully disagrees based on the following arguments.

Balson is directed to a method of providing contract assurance through the use of dynamic risk-based transaction permissioning. (See, e.g., Balson, Column 3, Paragraph 31). According to Balson, assurance is provided by continuously measuring value at risk

for a member and its traders, and permitting a proposed transaction to advance toward execution only if that member and its traders have sufficient available collateral. (Id.)

Applicant respectfully submit that Balson does not disclose “initiating a first order associated with a spread price in a synthetic spread market (...),” as in the first limitation of Applicant’s Claim 1, and as was defined in Applicant’s specification. Balson does not teach a “synthetic spread market,” which is associated with first and second real markets. Figure 14 in Balson merely illustrates an example template that can be used to create a new order.

Additionally, Applicant respectfully submit that Balson does not disclose “in response to initiating the first order, automatically sending a second order to an exchange-provided spread market (...),” as in the second limitation of Applicant’s Claim 1, and as defined in Applicant’s specification. The “synthetic spread market” and the “exchange-provided spread market” are interchangeable according to Claim 1. Applicant respectfully notes that nothing in Figure 2 in Balson cited by Examiner suggests this limitation. Rather, Figure 2 is a flow-chart that describes a method for measuring a position risk of a user, and based on the measurement, either permitting an order by a user to be placed or blocking the order. (See, e.g., Balson, Column 4, Paragraph 37).

Examiner then asserts that it would have been obvious to one with ordinary skill in the art to include the two limitations described above. Applicant again disagrees with this assertion.

Applicant respectfully reminds Examiner that when obviousness is based on the teachings of multiple prior art references, there must be a “suggestion, teaching, or motivation” that would have led a person of ordinary skill in the art to combine the

relevant prior art teachings in the manner claimed. Tec Air, Inc. v. Denso Mfg. Mich. Inc., 192 F.3d 1353, 1359-60 (Fed.Cir.1999). The showing of a motivation to combine “must be clear and particular, and it must be supported by actual evidence.” Teleflex v. Ficosa North America, 299 F.3d 1313, 1334 (Fed. Cir. 2002). Broad conclusory statements about the teaching of multiple references, standing alone, are not “evidence.” Brown & Williamson Tobacco v. Philip Morris, 229 F.3d 1120, 1125 (Fed. Cir. 2000). Also, the use of hindsight is impermissible. In re Dembiczak, 175 F.3d 994, 999 (Fed. Cir. 1999).

Accordingly, Examiner provides no clear and particular suggestion, teaching, or motivation to provide the claimed invention as called for by Claim 1. As to the first limitation, the blanket statement “...because Keith teaches advantages to multiple markets” made by the Examiner on page 3 of the Office Action as to why Applicant’s claimed invention would have been obvious is not enough. As to the second limitation, the blanket statement “...because Keith [Applicant believes this to be Balson] teaches position risk (fig. 2)” made by the Examiner on page 4 of the Office Action as to why Applicant’s claim invention would have been obvious is again not enough.

Dependent Claims 2-14 depend from Claim 1 and thus inherently include all limitations of Claim 1. Thus, they are patentable for at least the reasons provided in relation to Claim 1.

Applicant respectfully submits that Examiner failed to address independent Claims 16, 19, and 20 separately. While Claims 16, 19, and 20 include similar limitations to those in Claim 1, they are patentable for their own reasons as well. Applicant will address each of these claims hereinafter.

Claim 16

Claim 16 includes similar limitations to those in Claim 1. More specifically, Claim 16 recites the first limitation of Claim 1, and then "... sending a second order for the first real tradeable object ...," "... sending a third order for an exchange-provided tradeable object ...," and finally "to achieve a price based on the desired spread price, automatically managing the second and third order."

Applicant respectfully directs Examiner's attention to Applicant's specification page 17, lines 7-11, that discusses an example of managing orders when the orders are sent to multiple markets. More specifically, the cited section in Applicant's specification reads: "For example, a trader might program the preferred embodiments to send orders in both markets (e.g., synthetic and real) to see which order is filled first. Once an order fills in one market, then the preferred embodiments may be programmed to attempt to delete the other unfilled order."

Applicant respectfully submits that in addition to the limitations discussed in relation to Claim 1, Keith and Balson, taken alone or in combination, also fail to disclose the step of "automatically managing the second and third orders," as claimed in Applicant's Claim 16. Thus, Claim 16 is also not obvious in view of Keith and Balson, taken alone or in combination. Dependent Claims 17-18 depend from Claim 16 and thus inherently include the limitations of Claim 16. Thus, they are patentable for the reasons provided in relation to Claim 16.

Claim 19

Claim 19 includes similar limitations to those in Claim 1. Claim 19 specifically recites "evaluating a synthetic spread and an exchange provided spread," and "based on

the evaluation, sending an order to one of the underlying legs of the synthetic spread, sending an order to the exchange provided spread, or sending an order to both the exchange provided spread and to one of the underlying legs of the synthetic spread.” Applicant respectfully directs Examiner’s attention to Applicant’s specification, page 16, line 10-page 17, line 4 that provides two example market conditions, price and quantity, that can be taken in consideration when evaluating different markets.

Based on the discussion in relation to Claim 1, Applicant respectfully submits that Claim 19 is also not obvious in view of the cited references. Thus, Claim 19 is also patentable.

Claim 20

Claim 20 recites a computer readable medium containing program instructions for causing a microprocessor to execute a method containing the limitations of Claim 1. Thus, Applicant respectfully submits that, based on the discussion of Claim 1, Claim 20 is also not obvious in view of the cited references, and thus is patentable over Keith and Balson, taken alone or in combination, for the same reasons.

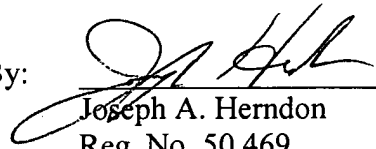
Conclusion

In view of the reasons provided above, Applicant submits that the invention as claimed in Claims 1-14 and 16-20 patentably distinguish over the Keith and Balson references, taken alone or in combination. Therefore, Applicant submits that each of these claims is in condition for allowance, and Applicant respectfully requests favorable reconsideration. If Examiner believes that further dialog would expedite consideration of the application, Examiner is invited to contact Monika Dudek at (312) 476-1118 or the undersigned attorney/agent.

Respectfully submitted

Date: March 2, 2006

By:



Joseph A. Herndon
Reg. No. 50,469